

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7390**

**BILL NUMBER:** SB 585

**NOTE PREPARED:** Apr 8, 2013

**BILL AMENDED:** Apr 8, 2013

**SUBJECT:** State and Local Administration.

**FIRST AUTHOR:** Sen. Charbonneau

**FIRST SPONSOR:** Rep. Soliday

**BILL STATUS:** CR Adopted - 2nd House

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *Ports of Indiana Feasibility Study*: This bill requires the Joint Study Committee on Transportation and Infrastructure Assessment and Solutions to study the feasibility and economic impact of adding a second port to serve Lake Michigan.

*Gary Sanitary District*: The bill requires the Department of Local Government Finance (DLGF) to increase the maximum property tax levy of the city of Gary. It provides that the adjustment to the maximum property tax levy of the city of Gary applies to property taxes first due and payable after December 31, 2013. The bill also decreases the maximum property tax levy of the Gary Sanitary District to zero, and provides that beginning with property taxes first due and payable after December 31, 2013, the district may not impose a property tax levy for its general fund.

*Gary Airport Authority Board*: This bill terminates on September 1, 2013, the term of each existing member serving on the board of the Gary Airport Authority (GAA). It provides that appointments to the board must also be approved by the Governor. The bill requires that each person appointed to the board must have knowledge of and at least five years professional work experience in aviation management at an executive level, regional economic development, or business or finance. It also provides that an appointee to the board may not have, or be affiliated with an entity that has a significant contractual or business relationship with the airport authority.

The bill provides that the board is responsible for contracting with a certified public accountant (CPA) to perform an annual audit of the GAA, subject to approval of the CPA by the State Board of Accounts. It provides that the State Board of Accounts may at any time conduct an audit of any phase of the operations of

the GAA. The bill also requires the board to submit an annual report of the board's activities to the Budget Agency and the Legislative Council.

*Trauma Center Study:* This bill requires the Northwest Indiana Regional Development Authority (RDA) to study the issues of: (1) whether the statistical profile of injuries annually sustained by the population of northwestern Indiana justifies the placement of one or more trauma centers in northwestern Indiana; and (2) the options for offering a medical school program for third and fourth year medical students in northwestern Indiana.

*Study of Government Services for Ports:* The bill urges the Legislative Council to assign to an interim study committee the topic of the responsibility of local units for providing governmental services to the Indiana ports.

**Effective Date:** (Amended) July 1, 2013; September 1, 2013.

**Explanation of State Expenditures:** (Revised) *Ports of Indiana Feasibility Study / Study of Government Services for Ports:* If interim study committees were to hold additional meetings to address these topics, there would be additional expenditures for legislator per diem and travel reimbursement for the committee members. Any additional expenditures must be within the committee's budget, which is established by the Legislative Council.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) *Gary Airport Authority Board:* The bill ends the terms of existing members on January 1, 2014. Appointments made to the Board after January 1, 2014, must be made with the approval of the Governor. Additionally, each appointed member must have at least five years of professional work experience in aviation management at the executive level, regional economic development, and/or business or finance.

The board is to contract with a CPA to provide an annual financial audit and study of internal accounting controls of the airport authority. Concurrently, the State Board of Accounts may at any time conduct an audit of any phase of the operations of the airport authority. The airport authority shall pay for all costs associated with these audits and studies.

The Board must also submit an annual report of its activities for the preceding year to the State Budget Agency and the Legislative Council. This annual report must be submitted not later than four months after the end of the Airport Authority's fiscal year.

(Revised) *Trauma Center Study:* The RDA would incur the cost to complete the study. The bill requires the RDA to report its findings to the State Budget Committee not later than November 1, 2014.

**Explanation of Local Revenues:** (Revised) *Gary Sanitary District:* This bill would increase the maximum permissible levy for the city of Gary by \$4,944,930 beginning in CY 2014. The bill would also eliminate the maximum levy for the Gary Sanitary District. Overall, the combined maximum property tax levy for both units would be reduced by \$3.1 M per year. This bill would not affect debt levies.

Gary Sanitary did not have a general fund levy in 2013 so actual levies could increase by \$4.9 M in 2014 over the 2013 levy if the city chooses to use the additional maximum levy. But, under current law, the sanitary

district may increase its levy by up to \$7.6 M. So the potential levy increase is smaller under the bill than under current law.

*Background:* From 2010 through 2013 (current), the sanitary district's maximum levy has been frozen at \$7.6 M. In the sanitation general fund, the sanitary district levied \$4.9 M in CY 2010, \$3.0 M in CY 2011, and 0 in CY 2012. The district also had a \$2.7 M levy in the sanitary general fund in 2010.

**State Agencies Affected:** Department of Local Government Finance, Ports of Indiana Commission; State Board of Accounts.

**Local Agencies Affected:** City of Gary; Gary Sanitary District; Gary Airport Authority; Northwest Indiana Regional Development Authority.

**Information Sources:** Local Government Database, Department of Local Government Finance.

**Fiscal Analyst:** Bob Sigalow, 232-9859; Stephanie Wells, 232-9866.